



121

FARMERS REPRESENTED THROUGHOUT  
SOUTH WEST SCOTLAND



### MSA Development

The Milk Supply Association (MSA) is a Co-operative made up of 121 dairy farmers based throughout South West Scotland that supply approximately 169 million litres of milk per annum to a creamery in Stranraer owned by Lactalis. Lactalis is a leading global dairy business and the largest European milk processor. The creamery at Stranraer produces a range of cheddar cheeses under the brands Seriously Strong, Galloway and McLelland. Cheese is also supplied to retailers for their individual own label brands.

# MSA KTIF

- Innovation project (100% funding)
- Operational Group
  - Hamish Walls – SAOS Project Manager
  - Ray McReadie – LeanTeam GB
  - Alan Stannett – Cara Consultants
  - MSA – 121 Lactalis Suppliers



# Background

- Very low milk prices
- MDSC project with Lactalis and a farm trial of lean
- Project proposed to establish a trial with MSA members
- Lean has been used in many industries and there is no reason it will not work on dairy farms



# Aim/objective

- Improve the viability of the participating farmers and embed the capacity for ongoing improvement
- Introduce the principles of lean management
- Provide farmers with a new approach
- Improve farmer understanding of CCR's
- Share the knowledge of participating farms
- Reduce costs



# Approach

- Confidential
- Establish the problem statement
- Learning by doing
- Draw a big picture map (very straightforward)
- Outputs are driven by the farm business
- The farms are left with a simple action plan



# The Value Stream as a Big Picture Map



*Adding value, reducing costs ...*

Ref	MSA Member - Root Causes	Potential Benefit	Counter Measure	Time
1	Genetics		Need to ensure good genetic improvement to sustain yield	
			Use AI bulls with good proof (on best cows) along with bulls where no alternative	
2	Vet & medicine		Analyse vet bills to determine where spend is occurring	
			Ask vet to provide separate invoices already split between enterprises	
			Involve vet as part of the team and consider a twice yearly meeting (maybe include a nutritionist)	
		£2,500	Target to reduce by 0.2ppl and a saving of £2,500 by May 18	May-18
3	Fuel and energy	£2,000	Consider joint tendering for fuel, solar power to heat water in dairy and contractor to supply own fuel as part of silage contract	May-18
			Tender or broker when new electricity contract required	May-18
			Aim to bring power costs in line with 15 - 18% benchmark to achieve a saving of £40,000	Jun-20
			Recognise that majority of this is depreciation following an intense period of investment	
			Acknowledge that power costs must be brought in line	
4	Labour		Try and bring labour costs into line - Currently 20% including family labour	May-18
5	Planning		Update the previous abbreviated plan to meet the current needs of the business - involve other family members	
			Prepare a 5 and 10 year plan - obtain help if necessary (maybe use the previous whole farm review now called Integrated Land Management Plan)	Oct-17
			Include the need to maintain a good work life balance	
			Also consider risk management issues, e.g. Brexit no BPS and it should identify KPI's that are relevant	
Potential benefits			Total potential savings £XX,500	



## Projects

### Supply Chain Project

#### Introduction

The supply chain project is new way of helping dairy farmers look at their businesses. It is delivered individually using lean management techniques and involves the active participation of the farmers taking part.

## Case Studies

### Case Study 10 – Business Planning

General background: The farm is a medium sized family run dairy unit milking Holstein Friesian cows on an indoor based system. Additional enterprise...

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### Case Study 9 – Target Feed Costs

General background: This dairy utilizes an indoor system with black and white cows calving all year round to produce a level profile. A family team m...

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### Case Study 8 – Improve Financial Recording

General background: The farm runs a medium size dairy unit where the focus is on grazing and obtaining as much from grass as possible. A padd...

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### Case Study 7 – Lowering Overheads

General background: The business is a mixed family farm with number of different enterprises. The dairy itself is a traditional herd with cows gra...

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# Typical issues

- Planning
- Developing and using management accounts
- Forage productivity and use
- Other variable costs
- Overheads
- Training
- Restructuring of debt

***Every farm is different***



# Producer comments

*I really liked the whole idea and principles of the work undertaken on the farm. It was well delivered, it helped to formalize our thoughts and it confirmed that our direction of travel was correct. The process is one which we can use again to review and improve other parts of the business.*

*It was a very intensive session with Alan and Ray but I really enjoyed the day. It made me think about my business and what I do. Even a few weeks later I am still reflecting on the work undertaken and I have implemented some changes to improve the performance of the business.*



*More information available at:*

<http://www.msa.scot>



Scottish Government  
Riaghaltas na h-Alba  
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